

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4362-04
BILL NO.: SS for HB 1946
SUBJECT: Creates the Adoption Awareness Law
TYPE: Original
DATE: May 8, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue*	(\$130,341 to \$225,381)	(\$137,135 to \$12,819,496)	(\$141,044 to \$20,845,100)
Scholarships for Foster Children Trust	\$0	\$0	\$0
Missouri CASA	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds*	(\$130,341 to \$225,381)	(\$137,135 to \$12,819,496)	(\$141,044 to \$20,845,100)

*Does not include unknown costs for appropriations to CASA Fund

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal**	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

**Includes costs and federal match revenue of approx. \$4.3 million annually which net to zero

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

FISCAL ANALYSIS

ASSUMPTION

Adoption Awareness Law

Officials from the **Department of Social Services - Division of Family Services (DFS)** stated they and officials from the Department of Health would jointly prepare a pamphlet that addresses adoption and foster care as an alternative to abortion. This pamphlet does not currently exist and would need to be developed. As agreed with the Division of Maternal Child and Health (DMCH), the DFS would be responsible for the printing costs for the pamphlet through State Printing. The DMCH would be responsible for the distribution of the pamphlets, thereby splitting the costs.

According to the DMCH, there would be approximately 25,500 mailings to include, private adoption agencies, DOH physicians, family planning clinics, DOH clinics, abortion clinics, and any other person or entity that requests such materials. If 50 pamphlets were provided to the 25,500 entities per year, on a black and white tri-fold brochure, the cost for printing would be approximately \$38,250. No new employees would be needed. Costs were charged to the General Revenue Fund.

DFS indicated the provisions in section 210.975 may generate additional costs for the department as they would be responsible for reimbursing the hospital for any expenses incurred as a result of accepting and caring for an infant or child. However, DFS assumes that since the hospital is to notify DFS immediately upon assuming custody, the expenses would be minimal. Once the infant or child is in DFS custody, Medicaid covers any medical expenses.

Officials from the **Department of Health (DOH)** assumed the DOS would be responsible for the development and printing of materials. Estimated costs of for postage for an initial mailing to all doctors, family planning clinics, prenatal clinics, privately funded adoption agencies, Title X agencies, abortion facilities, and any other person or entity who requests such material are \$47,685. The subsequent mailings to the estimated 25,500 entities would result in postage expense of \$52,530 and \$54,106 for fiscal years 2002 and 2003, respectively.

Officials from the **Office of Secretary of State (SOS)** assumes the rules, regulations, and forms issued by the Department of Health and the Department of Social Services could require as many as 50 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the *Code* because cost statements, fiscal notes, and the like are not repeated in the *Code*. The estimated cost of a page in the *Code of State Regulations* is \$26.50. The actual costs could be more or less than the numbers given. The

ASSUMPTION (continued)

impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn. **Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Scholarships for Foster Children

Officials from **Truman State University, Harris-Stowe State College, Central Missouri State University** and **Missouri Western State College** assume the proposal would result in no fiscal impact to the institutions.

Officials from the **University of Missouri** assume the university would incur approximately \$5.00 per student in administrative processing costs. **Oversight** assumes the university could accomplish the provisions of the proposal with existing resources.

Officials from the **Department of Social Services** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Coordinating Board For Higher Education (CBHE)** assume the bill specifies two criteria that a former foster child must meet in order to qualify for assistance under this program: (1) the child “would have qualified for a federal Pell Grant if he or she had remained a ward of the state”; and (2) “has subsequently been adopted or had a permanent legal guardian appointed after age thirteen.” Pell grants are awarded on the basis of expected family contribution (EFC) at the time of application for aid. (The EFC is the product of a complex needs-analysis formula outlined in federal law.)

The Department of Social Services, Division of Family Services (DFS), was contacted in order to provide information about the number of children that could be potentially affected. DFS indicated that in FY 1999, 66 children over the age of 13 were adopted, and 78 left DFS custody and went into a legal guardianship. This would indicate a pool of 144 children.

The bill provides that the scholarship amount will be equal to what the child would have received from the Pell grant had they remained a ward of the state. It seems likely that most, if not all, foster children who remain wards of the state have little income and few other assets at age 13 and would thus be eligible for maximum or near maximum Pell grants. Additionally, it is assumed that most, if not all, do not have significant changes in their financial situations between

ASSUMPTION (continued)

the ages of 13 and high school graduation. However, it is assumed that all qualified children would be eligible for maximum Pell grants as wards of the state. The maximum Pell grant for the 2000-2001 academic year is \$3,300. This would yield an annual fiscal impact of \$475,200.

There is no consistent pattern to increases in the Pell grant. Thus it is assumed that the maximum Pell amount will remain the same. It is assumed that a comparable number of foster children are adopted or taken into guardianship each year as were in FY 1999. This program would be first administered in FY 2002. Thus there would be no fiscal impact in FY 2001, a maximum impact of **\$475,200** in FY 2002; and $\$475,200 \times 2 = \textbf{\$950,400}$ in FY 2003.

The CBHE would not require additional staff to implement such a program.

Based on discussions with officials from the Department of Social Services, the count of 144 children includes ages fourteen through eighteen. Therefore, approximately five age groups are represented. Therefore, **Oversight** has calculated 20% of the children as being college age in FY 2001, 40% in FY 2002 and 60% in FY 2003.

FY 2001: $20\% \times 144 \times \$3,300 = \$95,040$

FY 2002: $40\% \times 144 \times \$3,300 = \$190,080$

FY 2003: $60\% \times 144 \times \$3,300 = \$285,120$

Oversight has ranged the fiscal impact from zero, assuming not all of the children would attend a college or university.

Foster Care Beyond 18th Birthday

Officials from the **Office of State Courts Administrator** assume that this proposal will not fiscally affect their agency.

Officials from the **Department of Social Services - Division of Family Services (DFS)** stated that because the DFS has already been assuming this responsibility with no fiscal impact, the DFS does not expect this proposal to fiscally impact their division.

Foster Care Reimbursement

Officials from the **Department of Social Services - Division of Family Services (DFS)** that current foster care rates are \$316 per month per child and \$216 per month per child for adoption subsidies. According to the United States Department of Agriculture, foster care reimbursement

ASSUMPTION (continued)

and adoption subsidy rates are expected to be \$457.94 per month per child in FY2004. The DFS provided an extensive calculation of the additional costs.

In summary, the anticipated additional fiscal impact of this proposal, by year, would be:

FY 01	\$0
FY 02	\$0 to \$12,918,826
FY 03	\$0 to \$12,918,826
FY 04	\$0 to \$12,918,826

The costs were split between state and federal funds at a rate of 72% state and 28% federal.

The foster care maintenance amount for the Grandparents As Foster Parents Program is tied to the current foster care reimbursement rate. **DFS** assumes all costs for the increased foster care maintenance rate to be funded by General Revenue since all TANF monies are obligated. The anticipated additional fiscal impact of this proposal would be \$0 to \$3,190,726 and \$0 to \$9,434,381 for fiscal years 2002 and 2003, respectively.

Persons Required to Report Child Abuse

Officials from the **Department of Social Services** stated the increased number of hotline reports is expected to be minimal and will be handled by existing Children's Services staff.

Officials from the **Department of Corrections** have not responded to Oversight's request for fiscal information nor have they provided a ten-year prison impact statement as required by Section 217.022 RSMo. However, **Oversight** assumes the proposal should not require significant additional personnel or resources.

Oversight assumes the local police and sheriff departments may have to provide some additional training related to this proposal; however, Oversight assumes these duties could be absorbed with existing resources.

Child Fatality Information

Officials from the **Department of Social Services - Division of Family Services (DFS)** stated there is no programmatic or fiscal impact to the division contained in the proposal. Current resources will continue to be utilized to meet the requirements of this proposal.

ASSUMPTION (continued)

Missouri CASA Fund

Officials from the **Office of the State Courts Administrator (CTS)** assume the administration of the CASA fund would have a fiscal impact on their office. CTS estimates that they will need one Court Specialist II position at a salary of \$29,760 and expense and equipment costs of \$11,182 to administer this fund for a statewide CASA program.

Officials from the **Office of the State Treasurer** assume this proposal will have no fiscal impact on their agency.

Oversight assumes the entire amount of funds transferred to the Missouri CASA Fund will be spent on programs. Oversight also assumes the amount appropriated to the CASA Fund by the General Assembly is unknown at this time.

Adoption Restrictions

Officials from the **Department of Social Services - Division of Family Services (DFS)** assume this proposal will not fiscally affect their agency. The DFS also stated the proposal is federally mandated by the Multiethnic Placement Act of 1994 as amended by the Interethnic Adoption Provisions of 1996.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<i>ADOPTION AWARENESS LAW</i>			
<u>Cost - Department of Social Services</u>			
Printing pamphlets	(\$38,250)	(\$39,398)	(\$40,579)
<u>Cost - Department of Health</u>			
Postage and supplies	(\$47,685)	(\$52,530)	(\$54,106)
<i>SCHOLARSHIPS</i>			
<u>Cost - General Revenue Fund</u>			
Appropriation to the Scholarships for Foster Children Trust Fund	(\$0 to \$95,040)	(\$0 to \$190,080)	(\$0 to \$285,120)

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<i>FOSTER CARE REIMBURSEMENT</i>			
<u>Cost</u> - Division of Family Services			
Increased foster care reimbursements	\$0	\$0 to (\$9,301,555)	\$0 to (\$10,984,555)
<u>Cost</u> - Division of Family Services			
Increased foster care reimbursements - Grandparents As Foster Parents Program	\$0	\$0 to (\$3,190,726)	\$0 to (\$9,434,381)
<i>MISSOURI CASA FUND</i>			
<u>Cost</u> - General Revenue Fund			
Appropriation to Missouri CASA Fund	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> -Office of State Courts Administrator			
Personal Service (1 FTE)	(\$25,410)	(\$31,267)	(\$32,048)
Fringe Benefits	(\$7,814)	(\$9,614)	(\$9,855)
Expense and Equipment	<u>(\$11,182)</u>	<u>(\$4,326)</u>	<u>(\$4,456)</u>
Total Cost - CTS	<u>(\$44,406)</u>	<u>(\$45,207)</u>	<u>(\$46,359)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$130,341 to \$225,381)</u>	<u>(\$137,135 to \$12,819,496)</u>	<u>(\$141,044 to \$20,845,100)</u>
SCHOLARSHIPS FOR FOSTER CHILDREN TRUST FUND			
<u>Income</u> - Coordinating Board for Higher Education			
Appropriation from General Revenue Fund	\$0 to \$95,040	\$0 to \$190,080	\$0 to \$285,120
<u>Cost</u> - Coordinating Board for Higher Education			
Scholarships	<u>(\$0 to \$95,040)</u>	<u>(\$0 to \$190,080)</u>	<u>(\$0 to \$285,120)</u>
ESTIMATED NET EFFECT ON SCHOLARSHIPS FOR FOSTER CHILDREN TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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MISSOURI CASA FUND

<u>Income</u> - Office of State Courts Administrator Appropriation from General Revenue Fund	Unknown	Unknown	Unknown
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<u>Cost</u> -Office of State Courts Administrator Expenditures on CASA programs	(Unknown)	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT ON MISSOURI CASA FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FEDERAL FUNDS

<u>Income</u> - Division of Family Services Draw down from federal government	\$0	\$0 to \$4,271,771	\$0 to \$4,271,771
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<u>Cost</u> - Division of Family Services Increased foster care reimbursements	<u>\$0</u>	\$0 to (<u>\$4,271,771</u>)	\$0 to (<u>\$4,271,771</u>)
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ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal creates the "Adoption Awareness Law" to promote adoption. Section 191.975 outlines the education and promotion duties of the Division of Maternal, Child, and Family Health within the Department of Health with the cooperation of the Department of Social Services.

The Coordinating Board For Higher Education (CBHE) would provide college scholarships to any former foster child who would have qualified for a federal Pell grant because of his or her status as a foster child and has subsequently been adopted or had permanent legal guardianship appointed after age thirteen. The scholarship would be equal to the amount the foster child would have received from the Pell grant program if he or she had remained a ward of the state. The Scholarships for Foster Children Trust Fund is created for the scholarships.

The Division of Family Services may request an extension of foster care beyond a child's eighteenth birthday for good cause shown. Any ruling must be completed prior to the child's eighteenth birthday.

The proposal provides that the minimum foster care reimbursement rate may equal or exceed the foster care rates established by the United States Department of Agriculture. This proposal also provides that the subsidy rate for children placed in homes may equal or exceed the adoption rates established by the United States Department of Agriculture. The cost could be increased over the course of three years starting in FY 02.

The proposal adds jail and detention center personnel to the list of mandatory child abuse reporters.

This proposal provides the Department of Social Services with discretion in releasing information regarding child fatalities or near fatalities.

The proposed legislation establishes the Missouri CASA Fund in the state treasury, to be funded by appropriations from the General Assembly as well as gifts, contributions, grants, bequests and other aid. The State Courts Administrator will administer and disburse the funds.

The proposal modifies the restrictions for placing a child for adoption.

This legislation is not federally mandated, would not duplicate any other program and would require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of State Courts Administrator
Office of the State Treasurer
Office of the Secretary of State
Coordinating Board For Higher Education
Department of Social Services
Department of Health
Truman State University
Harris-Stowe State College
Central Missouri State University
Missouri Western State College
University of Missouri

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "A".

Jeanne Jarrett, CPA
Director
May 8, 2000